

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

May 29, 2020

The Honorable Steven T. Mnuchin  
U.S. Department of the Treasury  
1500 Pennsylvania Ave NW  
Washington, DC 20220

The Honorable Charles P. Rettig  
Internal Revenue Service  
1111 Constitution Ave, NW  
Washington, DC 20220

Dear Secretary Mnuchin and Commissioner Rettig,

We write to share concerns with the lack of communication about distributing Economic Impact Payments (EIP) by debit card and urge changes to the implementation of this program. The direct payments included in the CARES Act have provided critical support to the more than 150 million Americans<sup>1</sup> who have received them, but I've heard from numerous constituents with questions and concerns about the decision to send some of these payments via debit cards.

While we appreciate the efforts of the IRS and Treasury in getting more than \$250 billion of these payments out already, we worry that distributing these by sending prepaid debit cards this week may have created confusion which unnecessarily limited the ability for Americans to use these payments during this crisis.

Prepaid debit cards can offer substantially lower cost and ease of use for those Americans who do not have a bank account, or who might otherwise have to pay to get their check cashed. However, while these EIP cards were sent only to those who had not provided the IRS with direct deposit information, that is not a good representation of who is un- or underbanked. Many Americans were either unable to enter that information online or chose not to because they preferred a check. The possibility of debit cards was not widely known, so we worry that sending these cards may have slowed use of EIP funds for many. We ask for three primary areas of improvement with these cards: improved communication, waiving all fees for those receiving EIP cards, and simplified agreements to use the cards.

**Communication about EIP cards must be improved**

For many people, the first they knew of these cards was when they received the actual debit card, along with the legal agreement. According to the FDIC, less than 10 percent of Americans used prepaid debit cards in the last 12 months, requiring additional clarity.<sup>2</sup> The lack of communication surrounding these cards left many of my constituents with no idea they might receive their EIP via debit card or unsure of how much they'd received. Some even thought this was a scam and cut the card up. Given that the first public communication from Treasury was a press release on May 18<sup>th</sup>,<sup>3</sup> this is understandable.

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<sup>1</sup> <https://www.irs.gov/newsroom/treasury-irs-release-latest-state-by-state-economic-impact-payment-figures-for-may-22-2020>

<sup>2</sup> <https://www.fdic.gov/householdsurvey/2017/2017report.pdf>

<sup>3</sup> <https://home.treasury.gov/news/press-releases/sm1012>

We urge you to provide greatly improved communication with those who are and will be receiving the cards. This should include clarity that this card is providing their Economic Impact Payment, the amount of that rebate, and how to quickly transfer this into an existing bank account or receive a check. Similar information should be sent to those who have already received their cards.

### **The cards should come with no fees for the recipient**

To make matters worse, the debit card carries significant fees with it.<sup>4</sup> While there are no fees for in-network ATM withdrawals, the network is almost exclusively in larger towns and metropolitan areas, leaving many forced to drive more than an hour to an ATM, or pay fees to access their EIP. Waiving the bank's fee on their first out of network ATM withdrawal is a positive step, but does not cover additional withdrawals. This could force people to withdraw large amounts of cash, if the ATM even allows it. There are also typically fees charged by the ATM owner and fees to check your balance at an ATM.

In addition, while people are able to transfer funds from this card to an existing account, or to withdraw funds from a bank teller, the size of those transactions is limited. For example, you can only transfer \$1000 to your bank account at a time, and no more than \$2500 per day. That means a family of four would have to make four separate transactions over two days, just to get their EIP in their regular account.

In this effort to soften the economic blow from coronavirus by providing these rebates, any fees are likely to simply add insult to injury. We understand that the card provider needs to cover its costs, but we hope you will ensure that all fees are waived for people trying to use these cards, regardless of where they live.

If you are unable or unwilling to fully eliminate the fees, we ask that the lengthy fee schedule be dramatically simplified, and that transaction size limits be adjusted to allow people to easily transfer the full amount of their rebate off of the card immediately.

### **The EIP card agreement should be simplified**

The current EIP card agreement which comes with the card<sup>5</sup> is more than 8 pages of dense text, which is often intimidating to Americans who were expecting a simple check. This has led to numerous constituents calling with complaints and questions, including being unsure of how they could even find out how much money they had just received. The lengthy agreement should be simplified as much as possible or come with a summary document to better explain the terms for people who had no intention of getting a credit card.

Further, the cardholder agreement includes a mandatory arbitration clause, requiring that any disputes be resolved through individual (not class-action) arbitration. Americans who do need to immediately use their EIP through the debit card will be pushed into arbitration, often without even knowing the implications. This will impact those in urgent need of their Economic Impact Payment the most.

In addition, the arbitration clause prevents people with the same dispute from forming a class. Not only does this disadvantage people with far less financial and legal resources in virtually all situations, it makes especially limited sense in this case. With 4 million people receiving very similar EIP cards, it

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<sup>4</sup> <https://www.eipcard.com/cardholder-agreement>

<sup>5</sup> Ibid.

is very likely that if there are issues, many people are having the same problem, making class action a more efficient way to resolve disputes.

We urge that you seek to simplify the agreement for anyone receiving an EIP card to reduce confusion, and specifically request that you remove any mandatory arbitration clause from future agreements.

Thank you again for your important work in getting Economic Impact Payments out to Americans quickly. While we understand that sending prepaid debit cards is a part of attempting to get payments out faster, we would urge additional consideration of how to ensure the cards are providing the benefits they are intended to. Should you decide to proceed, we ask that you improve communication, ensure there are no fees for the user, and simplify the agreement they have to sign.



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